U.S.-CAFTA-DR Free Trade Agreement

Oregon Farmers Will Benefit.

March 2005

Exports of farm products help boost Oregon's farm prices and income. Such exports help support about 11,139 jobs both on and off the farm in food processing, storage, and transportation. In 2003, Oregon's farm cash receipts were $3.2 billion, and agricultural exports were estimated at $705 million, putting its reliance on agricultural exports at 21 percent. Implementation of the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) will increase Oregon's exports of agricultural products.

Oregon Benefits From the U.S.- CAFTA-DR Free Trade Agreement (FTA)

Despite over $1.6 billion in U.S. farm exports in 2003, CAFTA-DR countries continue to impose high tariffs and other barriers on most agricultural products, including Oregon's key exports. A primary U.S. objective was to change the "one-way-street" of duty-free access currently enjoyed by most CAFTA-DR exports into a "two-way-street" that provides U.S. suppliers with access to these markets and levels the playing field with other competitors. This objective was achieved. Over 50 agricultural industry and farm groups, including the American Farm Bureau support the FTA.

Fruits. As the nation's 4th largest exporter of fruits and preparations, and with exports of $108 million, Oregon fruit producers benefit from the FTA.

- With $76 million in cash receipts, Oregon apple and pear producers, who currently face duties as high as 25 percent, benefit from immediate duty elimination by all CAFTA-DR countries on fresh apples and pears.
- Providing over $36 million in cash receipts, Oregon grape producers benefit from the immediate elimination of duties on grapes by all CAFTA-DR countries. Current duties on grapes can reach 20 percent in CAFTA-DR countries, and under WTO rules, could rise to as high as 135 percent.
- U.S. suppliers of blueberries, cherries, cranberries, and strawberries currently face duties as high as 20 percent, and the WTO permits duties as high as 60 percent.
- Contributing $45 million in farm cash receipts, Oregon's cherry producers, who currently face duties as high as 20 percent, benefit from immediate duty elimination by all CAFTA-DR countries on cherries.
- Providing nearly $39 million in cash receipts, Oregon blueberry and cranberry producers benefit from immediate duty elimination on fresh and frozen blueberries and cranberries by all CAFTA-DR countries except Cost Rica, that will phase-out its duty on fresh blueberries and cranberries within 5 years and the Dominican Republic that will phase-out its duty on frozen blueberries and cranberries in 15 years.
- With cash receipts of $14 million, Oregon strawberry producers benefit from immediate duty elimination on fresh strawberries in Honduras and frozen strawberries in El Salvador, Guatemala and Honduras. Duties on fresh and frozen strawberries in other countries will be phased-out over 5 to 15 years.

- Oregon raspberry producers benefit from immediate duty elimination on fresh raspberries in Honduras and on frozen raspberries in El Salvador, Guatemala and Honduras. Duties on fresh raspberries will be phased-out over 5 years in El Salvador and Guatemala, over 10 years in Costa Rica and Nicaragua, and over 15 years in the Dominican Republic. Duties on frozen raspberries will be phased out over 10 years in Costa Rica and Nicaragua and over 15 years in the Dominican Republic.
- *The Northwest Horticultural Council has expressed support publicly for the CAFTA-DR FTA.*

Beef. Providing the state's 2nd largest source of farm cash receipts, Oregon cattle and calve producers benefit from the FTA.

- Current import duties on U.S. beef exports are as high as 30 percent, and the WTO permits duties as high as 79 percent.
- Duties on the products most important to the U.S. beef industry – Prime and Choice cuts – will be eliminated immediately in Central American countries, while the Dominican Republic will establish a zero duty TRQ of 1,100 metric tons which expands annually as duties are eliminated.
- Some immediate duty-free access will be provided by certain countries on other beef cuts through an initial TRQ totaling 1,165 metric tons, expanding annually until duties are fully phased-out.
- Duties currently applied to other beef products and beef offals will be phased-out in 5 to 10 years.
- CAFTA-DR countries are working toward the recognition of the U.S. meat inspection and certification systems in order to facilitate U.S. exports.
- *The American Meat Institute, the National Cattlemen's Beef Association, the National Renderers Association, and the U.S. Meat Export Federation have expressed support publicly for the CAFTA-DR FTA.*

Vegetables. As the state's 2nd largest agricultural export category and the 6th largest source of exports in the nation, Oregon's vegetable producers benefit from the FTA.

- With nearly $128 million in farm cash receipts, Oregon's potato producers benefit from immediate duty elimination on certain potato products, including frozen french fries, which will be duty-free immediately in most CAFTA-DR countries. All duties will be eliminated in 15 years, except for fresh potatoes in Costa Rica, where liberalization will occur through expanded TRQ access, with an initial quantity of 300 metric tons. Current duties in the CAFTA-DR countries are generally 15 percent, and the WTO permits duties as high as 60 percent.
- U.S. suppliers of fresh, frozen and canned asparagus currently face duties as high as 20 percent, and the WTO permits duties as high as 60 percent. Duties on some asparagus products will benefit from immediate duty elimination in some countries, with others phased-out over 5 to 15 years.
- *The National Potato Council, the American Potato Trade Alliance, Washington State Potato Commission, the American Frozen Food Institute, the Grocery Manufacturers of America, and the National Food Processors Association have expressed support publicly for the CAFTA-DR FTA.*

Wheat. With $104 million in export sales and total farm cash receipts of $155 million, Oregon's wheat producers benefit from the FTA.

- U.S. grain suppliers will benefit from zero duties immediately on wheat and barley in all six countries, as well as on some processed grain products.
- The WTO generally permits duties up to 60 percent, but can exceed 100 percent.
- *The National Association of Wheat Growers, the National Grain and Feed Association, the National Grain Trade Council, the North American Export Grain Association, the U.S. Grains Council, the U.S. Wheat Associates, the Wheat Export Trade Education Committee, the North American Millers Association, and the National Barley Growers Association have expressed support publicly for the CAFTA-DR FTA.*

Dairy. Providing the 3rd largest source of farm cash receipts, Oregon's dairy producers benefit from the FTA.

- U.S. dairy exporters currently face duties as high as 60 percent, and the WTO permits duties as high as 100 percent.
- Each country will establish duty-free TRQs for certain dairy products totaling over 10,000 metric tons across the six countries – and each will receive the same level of TRQ access for dairy products entering the United States.
- TRQs will grow by 5 percent per year for the Central American countries and 10 percent per year for the Dominican Republic, with certain dairy products subject to safeguards during the phase-out period.
- All Central American and Dominican duties will be eliminated within 20 years, with duties on some dairy products eliminated earlier.
- *The National Milk Producers Federation, the U.S. Dairy Export Council, the Grocery Manufacturers of America, and the National Food Processors Association have expressed support publicly for the CAFTA-DR FTA.*

Sugar Production in Oregon - Map